ROLEX RINGS LIMITED

[CIN: L28910GJ2003PLC041991]

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Ref. RolexRings/Reg30/AnalystMeeting/Q1FY27/2 August 12, 2026

To,
Corporate Relationship Department,
BSE Limited,
Phiroze JeeJeebhoy Towers, Dalal Street,
Mumbai-400001

Script Code: 543325

To
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai – 400 051

Script Symbol: ROLEXRINGS

Sub: Intimation pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Earnings Call

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Transcript of the discussion on the Unaudited Financial Results of the Company for the quarter ended June 30, 2026, at the Earnings Call held on Thursday 06th August, 2026 and also the same is available on the website of the company at www.rolexrings.com

Please take the same on your records

Thanking You,

Yours faithfully
For Rolex Rings Limited

Hardik Dhimantbhai Gandhi

Digitally signed by Hardik Dhimantbhai Gandhi
Date: 2026.08.12 15:57:33 +05'30'

Hardik Dhimantbhai Gandhi
Company Secretary and Compliance Officer
{Membership No. A39931]

"Rolex Rings Limited

Q1 FY27 Earnings Conference Call"

August 06, 2026

MANAGEMENT: **MR. MANESH MADEKA – CHAIRMAN AND MANAGING DIRECTOR – ROLEX RINGS LIMITED**
MR. HIREN DOSHI – CHIEF FINANCIAL OFFICER – ROLEX RINGS LIMITED
SGA – INVESTOR RELATIONS ADVISORS – ROLEX RINGS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Rolex Rings Limited Q1 FY27 Earnings Conference Call. Before we begin, a brief disclaimer. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch screen. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Hiren Doshi, Chief Financial Officer from Rolex Rings Limited. Thank you, and over to you, sir.

Hiren Doshi: Thank you, team Chorus. Good morning, and a warm welcome to everyone present on the call. Thank you very much for sparing your valuable time and showing keen interest in our con call request. Along with me, I have Mr. Manesh Madeka, Chairman and Managing Director of the company; and Team SGA, our Investor Relations Advisors.

I hope you have all received our investor deck by now. Those who have not, they may check it on the website of the Stock Exchanges where we have already uploaded.

We enter in fiscal '27 having delivered a quarter that tells a couple of stories at once. Production ran below its full potential for part of the quarter, and the demand environment underneath that stayed firm, and in some markets, it got strengthened.

Allow me to take you through both this story in brief. Coming to Q1 FY27, we'd like to inform you that revenue from operations recorded came in at INR 304 crores, which is up by 4.3% precisely compared to Q1 FY26.

Though this looks short of our guided growth, our order book through the quarter was healthy, and the constraint we faced was not demand. It was an execution issue. A shortage of labor on the shop floor meant we could not convert that order book into output at the pace we wanted to. We have already informed the seed factor in our last call also, and it's a general phenomenon in the first quarter or maybe particularly in the month of April, May, and until mid of June.

We are glad to report that the situation improved from June '26 onwards. And by the quarter starting from Q2 FY27, our operations were back to running normally. I would like to inform or pleased to inform that in month July '26, we recorded the highest revenue since the inception of our operations.

In Q1 FY27, revenue from auto components grew by 13.5 percentage compared to Q1 FY26, amounting to INR163 crores, while revenue from bearing rings, it got declined by 6% compared with Q1 FY26, amounting to INR118 crores.

The bearing rings softness was concentrated in the industrial business or in the industrial segment, particularly in the domestic and European market, an area where we have flagged our broader industry-wide stagnancy in the past, and it reflects the same labor-driven output constraint that affected quarter too.

Auto components, on the other hand, continued to gain share within our overall mix, and the shift towards higher value-added process products is a trend we expect to continue over the coming quarters.

Looking at the geographical mix within each segment, our bearing ring remains predominantly a domestic, with exports accounting for about 27% of the segment; this means 72%- 73% of our bearing ring business is from the domestic ground. And it was the domestic-facing portion that saw the softness this quarter. Here also, I would like to mention that it is mainly in the segment of industrial segment and in high-volume, bigger-size components where we face a bit of softness.

Auto components, by contrast is now a predominantly export-oriented business, with exports accounting for close to 72% of that segment's revenue, say, 28% in the domestic front. That is the part of our portfolio that delivered the strongest growth in this quarter. And it is a meaningful validation of the strategic shift we have been making, deliberately building out a higher-value export-facing precision machine components business alongside our traditional bearing rings franchise.

What stands out most in export is a change in customer behavior. Buyers who had been a bit cautious and holding back through in fiscal '26, with a wait-and-watch mode as tariff uncertainty and certain adverse market factors played out, are now placing orders again with confidence. That shift matters because it tells us that demand overseas is genuinely picking up and that the relationship we have built with these customers, these multinationals over the years, remains intact and are now translating back to the order flow.

As we had flagged and informed previously also, we have not lost a single customer through the tariff disruption or even the war impact in European markets in the last year or even previous to last year. What we are seeing now is those very relationships beginning to convert back into meaningful volumes and revenues.

Coming to the margin side, as you must have seen, gross margins for the quarter have come up compared to fiscal '26 or on a Q1 FY26, reflecting both a favorable shift in product mix as well as disciplined raw material management and scientific production measures, cost control areas at our plant level.

EBITDA for the quarter was INR69 crores. I'm not considering other income, which is up by 12% on comparing with the Q1 FY26, with the EBITDA margin at a percentage of 22.6%, which is up by 100 basis points, again, on comparing with Q1 FY26. Profit after tax grew by 22% year-on-year to INR60 crores, with PAT margin at 19.8%, again up by 290 basis points year-on-year basis.

I want to emphasize that this margin expansion came through even in a quarter where our production was constrained because of labor and certain other matters. As volumes normalize and our order book converts fully into output, our margin trajectory should hold. And in fact, we expect it to strengthen further as value-added process products continue to grow as a share of our revenue mix. This is the third consecutive quarter of a year-on-year margin expansion for us, and it reflects a structural improvement in our businesses.

On a capital allocation front, we followed through this quarter on a commitment what we made back in April '26. Would like to inform you that our INR180 crores buyback of 1 crores equity shares concluded during the quarter, with the promoter group choosing not to participate so that the full benefit flowed directly to non-promoter shareholders.

As of today, we are fully debt-free and clear of all legacy CDR obligations. Moreover, we are carrying cash surpluses. We see this buyback as the first of many steps in returning value to our esteemed shareholders in a business that today carries a far cleaner capital structure than it has at any point in its history.

Looking ahead to the fiscal '27 for the remaining part, the trends we spoke about in May are playing out largely as we expected. With the labor situation now fully normalized, we expect Q2 FY27 to reflect better strength of our order book without the execution constraint that held back this quarter's output.

The US market is coming back with the customers reengaging after a prolonged period of caution. Europe continues to fire on the back of our expanding automotive components presence there. And our domestic business, while soft this quarter in the industrial bearing ring segments, retained strong underlying momentum in the bearing rings with an end use of automotive applications.

The bearing rings, what we are supplying with an end use of automotive application, we have held our positions, and except for one customer, other customers have increased their wallet share, and continues to add incremental volumes and new components from our existing customers at a steady pace of existing programs.

Both this thing taken together, we remain confident in the mid-teen revenue growth guidance that we have given for fiscal '27. This quarter's headline number does not fully reflect that trajectory for the reasons I have just walked through. But the fundamentals underneath it is a healthy order book, improving product mix, expanding margins, reengaging export customers, and a clean, debt-free balance sheet give us the confidence in the year ahead.

We are also continuing to build for the medium term. The new customer programs onboarded over the past year are progressing well, and we expect these to ramp up further as the year progresses. In fiscal '26, we got a lesson, or rather it taught us that no business is immune to external disruption. But that a business built on strong fundamentals, deep customer relationships, and operational discipline can absorb the disruption and come out stronger.

Q1 FY27 has, in its own way, reinforced the same lesson from a different angle. Even an internal operational constraint like a temporary labor shortage did not dent the underlying strength of our order book, our margins, our capabilities, and our customer relationships. We resolved, and we moved on.

As I look ahead to the rest of fiscal '27, I see Rolex Rings as a company that is well capitalized, well positioned and well prepared for the next phase of growth. Our ambition remains unchanged to be the most trusted precision forging partner for the world's leading bearing and automotive Tier 1, Tier 2, and OEMs too. We are well on our way.

With these words, I would like to pause my comments. Again, I would like to thank all the participants who have joined. I request Team Chorus and Team SGA that we open the session for Q&A.

Moderator: We have our first question from Jason Soans from IDBI Capital. Please go ahead.

Jason Soans: Congratulations on a healthy set of numbers. So, sir, the first question just pertains to, in terms of the numbers, the split that you normally give, export bearings, export automobile, domestic bearings. Just wanted that split for Q1 and Y-o-Y, Q1 FY2026 as well.

Hiren Doshi: Yes. So, Jason, kindly, note down. Domestic bearing ring for Q1 FY27, it is INR86 crores. Domestic auto components rounding up to INR45 crores. Export bearing ring, it's INR32 crores; export auto components INR118 crores, with a scrap and export incentive of INR23.2 crores. You need the same for Q1 FY26, right?

Jason Soans: That's right. Yes, sir.

Hiren Doshi: Okay. In domestic bearing ring, it was INR90 crores in Q1 FY26. Domestic auto component, it was INR53 crores. Export bearing ring, it was INR35 crores. Export auto component, it was INR90 crores, and INR21 crores of scrap and export incentives.

Jason Soans: The next question just pertains to wanting to understand, sir, any reason for the shortage of labor on the shop floor? Just wanted to know what the exact reason would be for this?

Hiren Doshi: No, there is no specific reason because it's a general phenomenon, and it's a hot summer in our region. And we do have a good amount of out-of-state labor force also. You better know, it's a vacation period as well as wedding season. And it's an agricultural, what you say, crop season where these people used to visit their native places and they take more than 15, 20 days, 30 days or something like that.

But these are quite common phenomena in our industries or rather overall in this thing. And while we are facing this temporarily because of that, these are all our semi-skilled workers and spend a good amount of time with the company. So that was the only reason.

Jason Soans: And sir, the next question pertains to -- I mean, we have been speaking about the slowdown in the bearings business. You spoke about industrial, some slowdown in the industrial and the large-sized business. So I just wanted to know how you see it going ahead? Do you see the slowdown continuing? Or do you see any improvement going ahead for this business? For the bearings, I'm talking about in particular?

Hiren Doshi: Yes, yes. As I told you, in the month of July, it has improved. And as I told you, because of certain production floor constraints, we were not able to execute to some extent also. But the guidance that we are getting from our customers in the particular industrial segment for the next couple of quarters, it would be having marginal growth. But on the other side of the bearing rings, that is the automotive bearing ring business, we are getting a good amount of positive turnaround.

Jason Soans: Okay. And sir, again, in terms of auto components, you've been doing very, very well. I mean, that's tremendous performance. So just wanted to know what the clients are saying, let's say, Allison, Getrag, and what is the feedback from their side for increasing sourcing from Rolex? How is the outlook for that?

Hiren Doshi: See, as I told you, you named a couple of our customers. One of our customers, which went down by almost 35%, 40% in fiscal '26 compared to fiscal '25. That is again on track, or rather recovered by more than 30%. So we are almost on track with fiscal '25 numbers with that U.S. customer. So that is definitely covering back. And for the other customer, where we got a new order for the new plants, an incremental order for the existing programs also, and certain programs, what we have started gradually in the last quarter of last fiscal, that is also being ramped up in this quarter and further in the next three quarters.

Maybe 1 or 2 plants, again, in the third quarter, we are going to start the supply. So we are getting quite positive and very confident on these particular customers. And we are getting a good response, and they are offering additional volumes, new programs, so on.

Jason Soans: And sir, just in terms of the revenue mix in the presentation, there's an 8% others component. So you have bearing and bearing ring, of course, auto components, and 8% of others. So what does that 8% pertain to?

Hiren Doshi: That is my scrap revenue.

Jason Soans: That's your scrap revenue. And sir, also you were speaking about the tariffs, the duty drawback, some refunds going to come in from the U.S. with the HS codes and everything. Has something come in this quarter? How's that -- what's the status of that?

Hiren Doshi: Yes, it has already started, and we successfully registered with the U.S. customs authority. And though it has not started in full swing, some marginal amount that we have received as a U.S. customs duty refund, which has already been accounted for in this number. But the major chunk is yet to be received.

Jason Soans: And just finally, sir, I wanted to understand, I mean, of course, you spoke about a lot of improvements: tariffing is behind us, macro, etcetera, which is improving.

So, sir, any guidance for '27, '28 margins as well as revenue? You did speak about mid-teens, but I wanted fiscal'27 and fiscal'28 and margins as well. And margins, when you speak about core margins, not including other income?

Hiren Doshi: Yes. As we have already mentioned while telling operating numbers to you people, we are not considering this other income. The EBITDA margin, what we have recorded, is 21.5% in this particular quarter, June '26*. We expect -- let me tell you conservatively, we expect that to be in the range of 21% to 22% in this fiscal FY27 conservatively. **Management inadvertently stated the EBITDA Margin as 21.5% during the call. The correct EBITDA Margin for the quarter is 22.6%. This doesn't affect any other figures discussed during the call.*

And we will be having even a marginal growth, subject to our increasing our operations; then it will have a significant positive upward mark on our margins. On the revenue part, as I have indicated, mid-teen; we are a bit confident till now for fiscal '27 and maybe more than mid-teen or coming close to the 20% number for fiscal '28.

Jason Soans: Sure. Thank you so much for answering questions

Moderator: We have our next question from the line of Varun Jain from Dolat Capital.

Varun Jain: Congrats on a strong set of margins. So on the auto component export side, sir, our business was in decline for the past 2, 3 years because of Allison. So right now, will Allison reach the INR250 crores level in FY27? I think it fell from INR290 crores to INR300 crores in that range. So how much recovery will happen? And secondly, we had this Allison acquiring Dana, so we expected that because we didn't supply to Dana before, but now we wanted to supply. So has that started?

Hiren Doshi: See, on the first part of your question, you asked me about this revival of Allison. Let me tell you the numbers that you have told till in these 4 months of business; if I'm going to annualize that thing, it has already crossed the number that you have mentioned, right? So we are almost touching the number that we had in fiscal '25.

Their acquisition as far as Dana business is concerned, we had a very senior level meeting with the Dana management along with the Allison, and they are very much eager or rather they are very much inclining to explore the potentials for the higher size or higher volume product with Rolex, but the development and all these things, it has gradually started or rather initial discussions, initial dialogues have been initiated.

But on the revenue front, or rather coming to the same on paper, it will take maybe from now, maybe 12 to 18 months minimum.

Varun Jain: So in FY27, can we touch INR500 crores in auto component exports? Is that on the cards?

Hiren Doshi: FY27, yes, INR500 crores; even I had an auto component export in March '26 only. It would be more than that.

Varun Jain: I'm referring to only export of auto components, not bearing rings without bearing rings. Only auto component exports in FY26 were INR350 crores.

Hiren Doshi: You're talking only for the export market, not overall auto components.

Varun Jain: Yes, auto components exports last year, '26 made INR350 crores.

Hiren Doshi: Yes.

Varun Jain: So can it touch INR500 crores in '27?

Hiren Doshi: Not INR500 crores, but I'm a bit confident to cross between INR425 crores to INR450 crores.

Varun Jain: But sir, you have already done like close to INR117 crores in this quarter. So even if I just annualize this, that only will take about INR450 crores.

Hiren Doshi: Yes. INR450 crores, I'm telling you INR450 crores as of now.

Varun Jain: And sir, due to this labor impact, how much revenue was lost? And was this revenue lost or was it deferred?

Hiren Doshi: No, no, no. It's a temporary hold -- not even a discontinuation, but the lesser amount of production output is there. It's nothing we lost. It might be deferred by a month or something like that only. There is no loss of business, and we try to manage much of things with the extra labor by managing the situation. But because of the environmental front and all these things, even the output capacity of human beings was a bit less, particularly in the month of April and May, which is very hot in our region.

Varun Jain: Yes. And sir, on the domestic auto components business, business has fallen close to 13% year-on-year. So why is this? Is this because Stellantis is going through a slowdown? How is our business with Mahindra? And what is the outlook for this portion for this year and next year?

Hiren Doshi: See, domestic auto components- what it was there with me in the last year, it was somewhere about INR52 crores. And here, it is INR45 crores in this Q1 FY27. That is mainly because of the deferring of certain production plans of a couple of OEM of automotive. And Stellantis, again, they started with the revenue, though it is not at the level we had last year. But gradually, it is picking up, and it will be on track with what we had in '25 or even better than that.

Varun Jain: And sir, this year, I'm expecting that exports -- like auto component exports will be a higher share, and the margins there are the highest. So can the margins be closer to 22% for this year, and going forward next year, they could increase by 50 bps or so. Is that something that is possible?

Hiren Doshi: Definitely, the second portion, 50 basis points up on the FY27 number, would be there in FY28. As I indicated earlier also that I would like to be on a number in between 21% to 22% because there are certain abnormal factors also affecting which, as you better know, because of this

Hormuz and because of this Europe, Iran, U.S. thing, the ocean freight and the availability of the ocean freight to U.S., etcetera, has gone up more than 2x or 2.5x to 3x. So for the time being, it may impact to some extent also. So that's why, conservatively, I would like to be there in between 21% and 22%.

Varun Jain: And sir, on the bearing rings export side, like this quarter, business fell by close to 10%. So is this Timken's continued weakness affecting us? Or is it something else?

Hiren Doshi: Major factor is that.

Varun Jain: And when do we expect this to rebound? And will it start growing or stay flat because it has been falling for quite some time now.

Hiren Doshi: Yes. What we are doing, or rather our strategy, is to develop new customers, and we don't want to depend on a particular group or a particular plant as far as this business is concerned. No doubt, it was a huge business. And unfortunately, at the customer level, their business has also significantly reduced.

So our strategy is to develop new customers for the bearing rings segment, whether it is in auto or industrial segment in the overseas market, particularly because in domestic market, major players are already there in my customer basket. So we are trying to expand our base in the U.S. and Europe, particularly in Europe, where we have good strength on the auto side.

There we would like to develop further on the bearing ring business also. But I don't want to be dependent on one particular customer or a group of customers like that.

Varun Jain: Just one last bookkeeping question. For Q1 FY26, can you give us the scrap revenue, export incentive, and end-user mix?

Hiren Doshi: For which period have you asked?

Varun Jain: For this quarter, this quarter.

Hiren Doshi: I told you it is INR23 crores or something.

Varun Jain: No, I was asking for the breakup of the scrap and export.

Hiren Doshi: Scrap is somewhere about INR20 crores, and export incentive is near INR3 crores. And the split in terms of end application is ~50 % towards passenger vehicle segment, ~20 % is commercial vehicles and heavy-duty vehicles, then 14%-16% is there on the industrial segment, ~7 percentage is there in EV and hybrid and so on.

Varun Jain: Okay sir. Got it. Thank you and all the best.

Moderator: We have our next question from the line of Disha from Sapphire Capital.

Disha: A couple of questions. Firstly, sir, so obviously, you mentioned conservatively because of the ocean freight and the geopolitical situation currently. But going ahead, sir, with our export mix increasing and our product mix shifting more towards auto components, what steady-state margins are you targeting internally going ahead?

Hiren Doshi: See, first of all, I would like to tell you whether it is an auto component or a new bearing ring business, wherever the more value-added processes are there, even in the bearing ring business, certain bearing rings for the EV hybrid vehicles or new critical bearing rings, we have the same margin. So it's not only auto components where we'll be having this margin.

So margin trajectory, as I indicated and replied in our earlier questions also, is considering all this inflationary trend in the entire or rather in fuel market, then this freight portion and other things, which have a cascading impact on our production cost structure. Sometimes it is not feasible, possible, or practical to approach the customer for each and every price hike or something like that because our contract price or our programs, our commitments, are generally not on the value-add part.

It is always on the raw material and forex; what the fluctuation is passed through or to recover. So that's why, conservatively, I would like to be there in between 21%-22% because the simple reason in the month-end of June or mid of June, the ocean freight has started shooting up. We have a good amount of exports in the U.S., and that ocean freight has significantly increased. And even at this level, by paying that much amount, the availability of containers for a particular vessel is a bit difficult. So that's why our stand towards margin is maybe near 21%.

Disha: Sir, my next question is: what is our current utilization level?

Hiren Doshi: We are at the same 63% to 65% utilization, you can say.

Disha: What are we targeting by this year?

Hiren Doshi: We target to touch somewhere about 70%-72%

Disha: Yes. Can you hear me now? Yes. Yes. So for a mid-teen growth, assuming 15% sort of growth if we do for this year, so it will be around INR1,300 crores. Out of that, could you help me with how much will that mix be between the auto segment and the bearing segment?

Hiren Doshi: For this particular fiscal, 65% to 70% would be from auto components.

Disha: And out of that, can you give me a percentage of how much will that be from exports?

Hiren Doshi: Again, of that 70%, more than 75%, it is from exports.

Disha: And sir, will this mix will be be the steady state level? What is the ideal steady state mix that we target between these 2 segments?

Hiren Doshi: See, my target -- we don't have a specific target that whenever the new order where my facility suits the product, I do have available capacity. If I get a good quantum of the order, program size of 5 to 7 years with a desired level of margins, I would be happy to accept whether it is bearing rings or auto components, because my capacity, or rather the facilities and equipment, are very much fungible, and we are able to produce auto components as well as rings both.

Disha: And what is the capex, sir, our target for this year and for the next year?

Hiren Doshi: In the range of INR30 crores to INR40 crores.

Disha: On an annual basis?

Hiren Doshi: Yes. No, no, on an annual basis, year-on-year.

Disha: Okay. That is it so from my side. Thank you

Moderator: We have our next question from the line of Salil Desai from Marcellus Investment Managers.

Salil Desai: If you don't mind, one question on this labor shortage. Given that this is a seasonal factor that happens every year, maybe this quarter it was a little worse than usual. So any permanent fixes that you are thinking of? What can we do to mitigate the risk that this does not surprise us in the future?

Hiren Doshi: As I mentioned earlier, the labor force- what we have, what we developed, or rather the age of the labor or service age with the company is quite at length. And we don't want to lose such skilled or rather team or labor, which is very much acquainted with this thing. So we don't want to lose them. And we are trying to manage or to mitigate this situation by adding some temporary extra labor at a reasonable cost or sometimes even on the part.

And let me tell you, this is a scenario for maybe 2-2.5 months where we try to manage by working 3 shifts, by giving something extra or overtime, or maybe hiring an extra temporary labor, but I don't want to lose my trained labor who are there with me for a good amount of time.

Salil Desai: Yes. So this does not come at a cost is what I would also like to understand in the sense that if you're paying extra, is there a margin...

Hiren Doshi: Yes, it is coming out with some additional cost. But what I'm looking on a long-term way because the other people who went, or rather who will be coming back that they are able to give me more quality output, and their efficiency of them are quite better compared to this temporary labor.

Salil Desai: Thank you very much.

Moderator: We have our next question from the line of Anuj Shah from Phillip Capital. Please go ahead.

Anuj Shah: Thank you for the opportunity, sir. Congratulations on a steady set of numbers. My first question is, sir, the company was facing a vessel and container shortage on the export side, which was triggered by geopolitical conflict in the Middle East. Does that still persist, or has it been resolved?

Hiren Doshi: See, availability of containers at a proper cost is an issue. As we are committed to our customers, we are just trying to get as many as containers that are reasonable. But as I told you earlier, ocean freight is shooting up, and it is more than 2x or 2.5x what it generally is. But still, we are trying to manage the availability of containers.

But sometimes the availability of containers in a particular vessel is a big issue as of now because we got a remark or comment from the shipping line that they are not getting the vessel back to India because of certain other geopolitical reasons.

Anuj Shah: That means the issue will persist, you mean, sir, then that can spill over to Q2. Is that correct?

Hiren Doshi: To some extent, yes.

Anuj Shah: And my second question is in the domestic bearing market, the automotive industry as a percentage of revenue has gone up, and the industrials have gone down. So, what is the growth that we have seen in the automotive side and in the industrial side?

Hiren Doshi: In terms of bearing rings, you are asking.

Anuj Shah: Yes, in terms of bearing?

Hiren Doshi: See, as I already told you, particularly bearing rings in the industrial segment, we are getting some softened, or rather some stressed or reduced demand. But in automotive applications where the bearings are being used, there we are getting a good response, and a few of our domestic customers are facing a good amount of incremental numbers. So, I don't foresee any downward trend or any kind of. On the contrary, it would be on the positive side. Upward trend in the bearing ring segment too in the automobile segment.

Moderator: We have the next question from the line of Abhishek Jain from Kriis PMS. Please go ahead.

Abhishek Jain: Thanks for opportunity and congrats on a strong set of numbers, sir. Sir, my first question on the domestic order component side, where we have seen a decline in this quarter, despite that very strong industry growth. So just wanted to understand, is it because of losing some business? Or is there any production constraint?

Hiren Doshi: None of these things are that losing the business or any production constraint, except that small portion of the labor force, etc. Otherwise, there is no constraint. And it's not that we lose the business. It is the OEM of automotive who are changing their design, or maybe their production has gone down to some extent in this first quarter. That's why it is a bit on pressure.

But we expect that a couple of Tier 1, Tier 2 customers to whom we are supplying, in turn, they are supplying to their principals at overseas, will gaining up. So, in the second quarter onwards, we would be having better numbers as far as domestic auto components are concerned.

Abhishek Jain: Just wanted to know how the current business update is with the Timken. Have we started to recover some share of business from the Timken or still we are in the same page?

Hiren Doshi: No. There is not much change as far as the business with the particular customer is concerned. But as I again indicated -- again telling you that as indicated that we are trying to get the new customer, get this thing, which will give better numbers, which will give better conversion on bearing ring part for the domestic as well as overseas.

And we are also approaching, or rather, certain plants of our existing customers who are yet not in my customer basket. That also we are exploring and the things are moving on. But we will be getting that response maybe down the line, in a couple of quarters.

Moderator: We have our next question from the line of Manas Jain from Sanjay Jain Family Office. Please go ahead.

Manas Jain: Good set of numbers, steady set. I had a question actually. The point was, I think you mentioned, I alluded to the fact that there's ocean freight and transportation cost due to this current environment. I wanted to understand: is there a scope for us to move the exports to an Ex Works model where logistics are borne maybe by the customers? I understand we have a presence and warehousing in the US, but is there a scope to restructure this to reduce this cost and protect the margins?

Hiren Doshi: No, it is difficult to change the current program terms from, say, DAP or DDP to Ex Works or something like that. But what we will be doing, or rather what we are confident that in certain abnormal situations, our customers are helping us. And in the past, it was also there when this significant price increase on ocean freight was there, which is more than 3x-4x. At that point in time, our customers came to our rescue, and they helped us, and they reimbursed, or rather, one customer has already changed the import delivery terms for the time being.

And here also, we have already started approaching our customers, and they are also showing their positive indication that they will consider our request as far as this ocean freight hike is concerned. And I'm a bit confident of getting back some reimbursement of these high expenditures and what we incurred in the first quarter or maybe June onwards. And to some extent, I'll be able to pass it on in the coming quarters.

And that kind of positive response we have already got from our customers, where the majority of our customer group, where we are paying this ocean freight in the US, is a major chunk. Europe, it is still under control, but we have already initiated the dialogue with the customers also.

Manas Jain: Sir, and the second question was, I mean, our passenger exposure is great. I just wanted to understand the CV exposure. I mean, I'm assuming there must be a very good opportunity there also. But as a percentage of the sales, that's almost little; I mean, it's not that high. So, is there scope? Are you working there to get some business opportunities in the CV area?

Hiren Doshi: Yes. See, as I mentioned earlier also, one of our customers has acquired a good amount, or rather acquired a division of one particular global multinational of this commercial vehicle, heavy vehicle segment, where we are expecting a good turnaround because with that particular customer, we have a very good rapport or other business association for the last 12 to 14 years.

And year-on-year, we are getting some kind of incremental. So definitely, commercial vehicles and off-highway heavy-duty vehicles are the segments where we are approaching that customer, as well as a couple of new customers. One customer is already almost on the verge of finalization in Europe, and another one in the US also, we are talking with. So, we expect some growth there as well.

Moderator: We have our next question from the line of Jyoti Singh from Haitong. Please go ahead.

Jyoti Singh: So, sir, just wanted to understand on the industrial side that our end market has shrunk from around 26% of revenue in 22% to 18% in '26. So even as PV has grown from 40% to 52%. And just wanted to understand, are we looking to increase more on the industrial side because, compared to auto, we are having a better margin over there.

And similarly, on the export side, what kind of opportunity are we getting on the industrial side as well as on the OEM side? And what's your focus going forward? Like, will it be more on the OEM side or shifting toward the industrial side because of better margins?

Hiren Doshi: See, the loss or reduction of the industrial segment of my overall business is mainly because of one customer group were at 5 or 7 plants, I'm supplying these components. And there they got a huge reduction and the cancellation of orders mainly in Europe. So that is the reason why this number has gone down.

We are in the process, as I just replied in my earlier question also, that we are having dialogues with one of the very big auto customers in Europe for commercial vehicle and industrial segment products. As far as bearing rings are concerned, in the domestic market, one of our customers has specifically diversified their activities into the industrial segment and bearing. And there, we got a good inquiry, and certain samples have already been submitted. And we are expecting turnaround over there also.

But let me tell you, my concentration is to get the maximum or rather incremental utilization of my capacity, in terms of product range, in terms of segment and territory volume of the business, overall revenue of the business, overall margin of the business. On that basis, I'm very much concentrated.

And definitely, we are concentrated on industrial products also, where the huge components are there. We are also exploring certain untapped areas. We have initiated certain kind of government registrations and approvals for certain areas where we are not yet. So that is also another segment in the industry where we are approaching.

Jyoti Singh: And sir, just wanted to inquire about the raw material for the bearing from where we are taking it?

Hiren Doshi: It's a majority; it's there from Indian steel plants.

Jyoti Singh: Okay. And some of our competitors, they are quoting in a way, that we are exporting steel from a better country. So, our quality of bearing is better than any other competitor. So, we are getting a higher price on the export front. So, are we seeing any such kind of competition on the export front?

Hiren Doshi: See, competition is always there in all businesses. But here, my USP is my facility, my range of products, my precision level, the tooling department, what we do have, the yield of the product, and the customer association.

Jyoti Singh: Okay, sir. And also, last question from my side. Any plan to enter into the aero and defense side, going forward?

Hiren Doshi: We have initiated certain steps, or rather certain registrations, as I just indicated, for the defense era. Again, in aerospace, we explore. But there we got some kind of registration also, initial registration, initial approval certification also. But coming to the revenue, it will take some good time. But I am a bit hopeful for the defense; maybe down the line, in 12 months, we would be having something from defense. There, we are working aggressively with some third party, yes.

Moderator: We have our next question from the line of Krish Chheda from Caprize. Please go ahead.

Krish Chheda: Yes. Sir, I just have one question. I want to understand that, firstly, in the subsector, where do you see the highest bearing demand growth coming from? And secondly, is there a specific sort of shift in the types of products that they are demanding?

Hiren Doshi: No. In the bearing ring, the segment is passenger vehicle LCV, where we are getting good demand or good incremental demand. And the shifting -- I'm not getting the second part of your question.

Krish Chheda: I've recently noticed a lot of companies talking about that in the bearing space overall, there is a demand shift towards large-size bearings. So, is there some sort of growth behind it?

Hiren Doshi: The way it was expected, it is not there. It has not been placed for. But definitely, the big bearing manufacturers, global bearing manufacturers, are moving slightly towards production of bigger sizes of bearings.

But that will not hamper or reduce the automobile or the smaller size of bearing where we are. And in this segment, particularly, I am getting a good amount of inquiries, and trial and run processes are going on with my existing customer having a global presence.

Krish Chheda: So, what are the applications of these larger-size bearing rings, like where is the highest demand coming from?

Hiren Doshi: Those are mainly into industrial, mechanical applications, windmills and other critical equipment, yes.

Krish Chheda: And are the margins on those rings higher than what the general auto industry caters to?

Hiren Doshi: The margins on these rings are better than the traditional bearing ring business, but because of having value-added and critical processes, and it is on the same line, maybe on the auto components, what we are able to generate.

Moderator: We have a follow-up question from the line of Khush Nahar from Electrum PMS. Please go ahead.

Khush Nahar: My question was more on the strategy side. So, what we are expecting is, I think we'll be generating a lot of cash flow over the next 2 to 3 years. And since our utilization is still at 60% this year, going towards 72%, and capex figures are around INR30 crores to INR40 crores only. So, what is the strategy? How are we planning to use this cash? Is it some inorganic acquisitions or maybe in the defense aerospace segment since we are planning to enter that? So just wanted some clarity on that.

Hiren Doshi: See, the first way, what we are looking is to maybe distribute a certain distribution of profits to my shareholders and stakeholders. Maybe, as we have recently completed the buyback of INR180 crores, apart from that, we may look for distributing dividends or maybe another round of buyback or something; that is what we might be looking for.

We are also looking for inorganic growth or maybe some association or some JV with an overseas player to be based in India, wherein the base of the utilization of Rolex facilities will increase and more value-added processes where the third party has some expertise and a ready market available.

That kind of association, that kind of JV, what we are exploring, it is in a primary stage. We have already appointed one global agency to explore this thing, and maybe down the line, in 6 to 9 months, we will be having a something positive turnaround on that front.

So there also, we need to have a good amount of investment. But our concentration, or rather our intention, is to be based in India only as far as the production, or rather the value-added processes, are concerned, because of all cost reduction, or rather the cost benefit, as far as the production process is concerned.

Khush Nahar: So just some follow-up on that. So, this JV or some tie-up that we are planning would be in some different segment or what are we missing in our processes as of now, which...

Hiren Doshi: No, it's not missing. No, no, it's not a missing. It's something more value-added on my existing product. Where the new party or the other party is already there, and a ready market is available with their OEMs, where I'm not as of now, where I'm not directly in contact with those OEMs because I'm not producing the components in a finished way or with those kinds of value-added processes.

Now the coming party or the new JV party is having certain expertise, certain experience and good amount of facilities for having this value-added process, which will give me a benefit. It's a high precision level as well as the main thing is that readily available customer as you know that in our segment, even in certain other value-added processes with our products, it would be difficult to get a new customer or to start a business within 15 to 18 months' time because of validation and all these audit activities.

So, our concentration is to add more value-added processes where a third party has better expertise and a ready market available. And in certain parts of overseas, you better know that because of their conversion cost and inflationary trend, they are not able to produce components or not able to manage the situation. So, they are also inclined to go to a country where low-cost production is possible, as their customers are readily available.

Khush Nahar: Right, sir. And just one last question on the defense side. Could you elaborate more on the type of products that we are planning for…

Hiren Doshi: It is very much primary, or rather it's quite well in advance that product segment where we are. We are closely working with one of the very senior consultants, and it has just recently started, maybe 1.5 months back. But whatever the components which suits to our facility, or what we are able to produce in our existing facility, where these agencies are going to approve on that basis, any round job product or a hot forging product, we want to concentrate.

Moderator: We have our last question from the line of Jason Soans from IDBI Capital. Please go ahead.

Jason Soans: Sir, in this quarter, we logged in a very strong growth in auto components, the export auto components, which is a 30% growth. So, sir, you did allude to a good number for this full annual year as well. So, sir, just wanted to know what exactly we are doing differently here to log in such strong growth. One thing you mentioned that the Allison revenue has seen a strong recovery, but I'm sure that has played a part. So, what else are we doing to basically sustain this strong growth?

Hiren Doshi: The new programs, what we won in the previous year or rather in the previous fiscal, it has started. A certain program, which started last year, now it has ramped up further. And existing customers have increased their volume in a significant way. That is why the export business or export auto components has gone up. And further, as I told you, it is being ramped up further. A couple of new orders would be started in the third quarter of this fiscal. So further, it would be added.

Jason Soans: So, you're seeing good traction for this segment?

Hiren Doshi: Yes. Definitely.

Jason Soans: And sir, in terms of the 1.75 billion, we had placed a slide probably a year back or something for those orders coming in. Sir, any update on that? How is that flowing through or have all the orders been recovered, or some have been pushed back? What's the status on that?

Hiren Doshi: Except for a couple of orders from the US because of tariffs and all these things, that entire project is on hold, or rather, OEM has hOLD this thing. The rest of the projects are coming back, not with full traction, but it has already started with gradual improvement. And others are in line. And even the new programs, what we have won in fiscal '26, that has also been started.

Jason Soans: And sir, this refers to duty: if anything comes through for the reduced tariff and etcetera, just a book keeping thing. I mean, will it be recorded in other income or just give me some clarity on how it will be recorded, any refund.

Hiren Doshi: Refund of export duty.

Jason Soans: Yes, yes, yes.

Hiren Doshi: Yes, that would be added to revenue.

Jason Soans: That will be added to revenue, not other income, you're saying?

Hiren Doshi: No, no. No, it is not that part of other. It would be added to revenue.

Jason Soans: It will be added to revenue. And sir, just lastly, one thing, you did speak about the JV, okay? So that JV you're looking at to do in an allied area. It could be a different area as well, defense, aerospace. It could be anything, but it's too premature in the initial stages to talk about it right now. Is my understanding correct?

Hiren Doshi: Very true, yes.

Jason Soans: Okay sure. That's all from my side. Thank you so much sir.

Moderator: Ladies and gentlemen, that was the last question for the day. And I now hand the conference over to the management for closing comments.

Hiren Doshi: Yes. On behalf of Rolex Rings management, I again thank you, everyone, for joining this con call. I hope we have been able to answer all your queries -- questions, and concerns. We look forward to such interactions in the future, and we hope to meet your expectations in the future, too. In case you require any further details, you may contact us directly or our Investor Advisors, SGA. We will be delighted to revert. Once again, thank you very much to all of you.

Moderator: Thank you. On behalf of Rolex Rings Limited, that concludes the conference. Thank you for joining us, and you may now disconnect your lines.